

WHITEPAPER

Navigating the Service Experience Storm:

How Leading

Organizations are Transforming Disruption

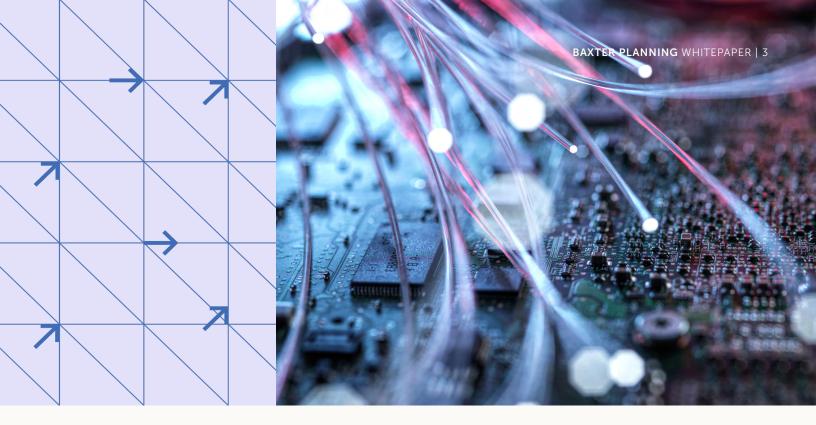
into a Service

Experience Advantage

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INTRODUCTION

The Stakes Have Never Been Higher in the Service Supply Chain

Service Supply Chains (SSCs) are under unprecedented pressure. Rising customer expectations, supply chain disruptions, and economic volatility are forcing companies to rethink their operations

Customers demand faster service, more transparency, and zero delays, while service teams must manage ever-increasing complexity across global networks.

Meanwhile, inflation and cost pressures continue to challenge budgets, forcing organizations to do more with less. For businesses already operating with slim margins and tight deadlines, these challenges aren't just obstacles —they are existential risks. Yet, there is good news. These very challenges also present an opportunity to redefine what it means to succeed in service. The organizations that embrace this shift and act swiftly will not just survive, they'll thrive.

This whitepaper explores how the combination of economic volatility, shifting expectations, and operational complexity—what we call the Service Experience Storm—can be transformed into a Service Experience Advantage.

The Service Experience Storm

The forces reshaping service operations are not new—but their intensity and convergence are unprecedented. Four key dynamics are forcing business leaders to rethink how they manage their Service Supply Chains.

01 Inflation, tariffs, and cost pressures are a top concern

Service parts costs rose over 10% in 2024, with further increases projected in 2025 due to tariffs and macroeconomic conditions, according to Baxter Planning's 2024 Service Supply Chain Trends & 2025 Outlook. In response, organizations are adopting smarter inventory strategies to cut excess stock, reduce expedited shipments, and maintain part availability. Yet with inflation outpacing productivity gains and annual rates hovering between 7% and 10%¹, traditional cost-cutting is no longer enough—forcing businesses to rethink efficiency and margin protection without compromising service quality.

02 Customer demands continue to grow

Customer expectations are evolving rapidly, driven by the "Amazon Effect" and an on-demand service culture that prioritizes speed, transparency, and seamless experiences. Today, 80% of companies say speed, service quality, and real-time visibility are non-negotiable for a positive service experience². While service demand grew 14.5% in 2024, inflation-adjusted growth was under 5%, highlighting that the real challenge isn't volume—it's meeting rising expectations with greater precision, consistency, and agility.

03 Rising complexity in service operations

Managing large-scale, multi-echelon service networks is complex, with companies overseeing hundreds of thousands of service parts—20 to 30% of which are slow-moving or obsolete. This creates financial risks from excess inventory, higher storage costs, and obsolescence losses, while fragmented networks cause logistical bottlenecks. McKinsey reports that 40% of service part stockouts are due to forecasting errors, and excess inventory ties up critical working capital. Meanwhile, customer expectations for rapid fulfillment intensify, with 80% now demanding same- or next-day delivery despite persistent global supply chain disruptions³.

04 Labor shortages and skill gaps disrupt service operations

A talent shortage is straining the Service Supply Chain, with 76% of organizations facing workforce gaps, 61% calling the situation "extreme." Specialized roles like technicians, logistics coordinators, and warehouse operators are hardest to fill, driving up labor costs, lowering morale, and disrupting operations⁴. To address this, companies are optimizing processes and investing in automation to streamline tasks, improve workforce planning, and reduce reliance on hard-to-fill roles, while predictive analytics and automated inventory systems enhance efficiency and help mitigate disruptions.

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There is a better way.

Transforming Your SSC to Achieve a Competitive Edge

The challenges you experience day in and day out are real—but they're not insurmountable. The world's most forward-thinking service organizations aren't just reacting faster. They're responding smarter by transforming how their SSCs operate.

It's not about doing more with less. It's about doing better with smarter strategies, connected systems, and deeper insight. And it starts by transforming your service operations to what we call the **Service Experience Advantage.**

Defining the Service Experience Advantage

The Service Experience Advantage is a company's ability to gain a competitive edge by delivering optimized service models and consistent, reliable issue resolution—elevating service from a traditional cost center to a strategic driver of customer experience, loyalty, and growth. It's not just about being responsive. It's about reimagining service as a source of value creation that drives higher margins and positions organizations to outperform competitors.

This advantage is multi-dimensional, encompassing several interconnected pillars:

CRAVED EXPERIENCES

At its core, the Service Experience Advantage is about creating memorable, emotionally resonant interactions that keep customers coming back—and turn them into brand advocates.

SMARTER DECISION-MAKING

Al-powered insights and predictive analytics empower service teams to act with speed and confidence—improving response times and preempting issues before they escalate.

MAXIMIZED MARGINS

Efficient operations and intelligent resource allocation enable organizations to lower costs while improving service quality unlocking better financial impact.

Service Experience Advantage

DIFFERENTIATED SERVICE LEVELS

With data-driven prioritization and intelligent automation, businesses can meet and exceed customer expectations across every interaction.

STRONGER RESILIENCE

A strong service foundation increases an organization's ability to adapt quickly to disruptions and maintain high levels of performance under pressure.

TRANSFORMATIONAL INNOVATION

Organizations gain the agility to evolve their service models, continuously improving the experience and staying ahead of customer demands and market shifts.

HIGHER GROWTH

Exceptional service becomes a catalyst for customer expansion and new revenue streams, turning service into a lever for long-term business growth.

5 Guiding Principles for How Leaders Realize Service Excellence

The world's most innovative service organizations don't just react—they anticipate. These five principles define how they lead with service and set new standards for excellence:



01 Maximize Practitioner Expertise

Technology alone isn't enough. Organizations that pair tools with deep Service Supply Chain expertise outperform those that rely solely on software. Practitioner guidance ensures faster adoption, better execution, and measurable outcomes.

02 Partner with an Innovation-Led Technology Provider

Generic supply chain tools fall short in service. The most successful teams use platforms designed specifically for Spare Parts Planning —infused with best practices and continuously evolving to match market demands.

03 Get More Service Out of Every Inventory Dollar

Top performers use simulations and real-world modeling to make smarter inventory decisions. They don't guess—they measure, analyze, and align every part to a service goal.

04 Harness Specialized AI for Real-World Impact

Rather than broad AI solutions, they deploy service-specific data models that learn from operational history and improve with every decision. This accelerates time to value and drives more accurate forecasts.

05 Commit to Continuous Optimization

Transformation is not a one-time project—it's an ongoing process. Leading organizations embed regular performance reviews, automated insights, and continuous improvement into their service operations.

How Baxter Planning Helps You Gain the Service Experience Advantage

Achieving the Service Experience Advantage requires more than a technology upgrade —it demands a fundamental shift in how your organization plans, executes, and resolves issues in your service operations. That shift is only possible when the right platform, intelligence, and expertise are consolidated in one unified solution and partner.

Baxter Planning brings together the capabilities and perspective service organizations need to transform disruption into long-term differentiation. Our approach is grounded in decades of domain expertise, guided by real-world results, and delivered through a suite of capabilities purpose-built for the complexity of Service Supply Chains.





Value Accelerator Program: From Strategy to Outcomes—Faster



Al and Data Core: Predictive Intelligence Trained for Service Complexity Transformation doesn't happen overnight. That's why we combine our platform with a proven engagement model that delivers value across the short, mid, and long term. Our Value Accelerator Program provides structured, hands-on enablement led by experienced planning practitioners who work side by side with your teams.

You'll benefit from:

| \otimes | A tailored roadmap aligned to your organization's goals |
|--------------|---|
| \bigotimes | Rapid deployment and configuration for faster time-to-value |
| \bigotimes | Ongoing coaching to drive user adoption and operational change |
| \otimes | Benchmarking insights and performance reviews to sustain long-term impact |
| | |

This isn't just implementation—it's execution with intention, backed by real results.

At the core of BaxterPredict is an AI engine trained on decades of Service Supply Chain data. Unlike general-purpose models, our algorithms are purpose-built for the high variability, unpredictable part demand, and geographic dispersion that define real-world SSCs.

The results:

| \leq | Hyper-accurate demand forecasting for new products, |
|--------|---|
| J | end-of-life parts, and slow movers |

- Solution Predictive alerts to flag issues before they disrupt service
- Oata-backed recommendations to support resource allocation and SLA performance
- Continuous learning that improves accuracy and responsiveness over time

This intelligence doesn't just automate decision-making—it elevates it, turning uncertainty into insight and helping your organization stay a step ahead.



BaxterPredict Platform: Purpose-Built for End-to-End Service Optimization Unlike Enterprise Resource Planning systems (ERPs), Supply Chain Management (SCM) planning tools, disjointed point solutions, homegrown products, or spreadsheets, BaxterPredict is a unified platform purpose-built for Service Supply Chains. It connects service parts planning, order execution, and issue resolution in a single system—eliminating silos and unlocking visibility across every component of your service network.

The platform enables:

- Real-time prioritization and dynamic allocation of parts
- Seamless alignment between inventory costs and service-level commitments
- Advanced simulations to model trade-offs between cost, risk, and performance
- Multi-echelon optimization to reduce excess and prevent stockouts across locations

By connecting strategic planning with day-to-day execution, BaxterPredict empowers your team to make better decisions, faster—and with sustained business impact.

What Sets BaxterPredict Apart



Inventory Optimization That Protects Both Margins and Service

Balancing inventory across a global network is one of the most difficult challenges service organizations face. Too much stock erodes working capital. Too little leads to SLA breaches, expedited shipping, and lost customer trust.

BaxterPredict's <u>Total Cost Optimization</u> methodology solves for both sides of the equation. It dynamically balances service levels with cost efficiency, using demand-driven algorithms to ensure parts are in the right place—without overinvesting in inventory. The result? Reduced carrying costs, fewer emergency shipments, and higher service reliability.

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Predictive Delivery Performance That Safeguards SLAs

Every missed SLA damages credibility. BaxterPredict helps prevent these failures before they happen. Its predictive alerts and real-time monitoring provide early warnings when demand, supply, or network disruptions threaten service levels.

This visibility gives teams time to act—reallocating inventory, adjusting orders, or triggering escalation processes—well before the customer is impacted. For leaders, it means better SLA performance. For customers, it means consistent delivery and a service experience they can count on.

Faster Resolution and Smarter Escalation Management

When service issues arise, speed matters. But speed without strategy can create new problems. BaxterPredict equips teams with a complete view of performance metrics, escalation drivers, and historical resolutions, allowing them to resolve problems quickly—and intelligently.

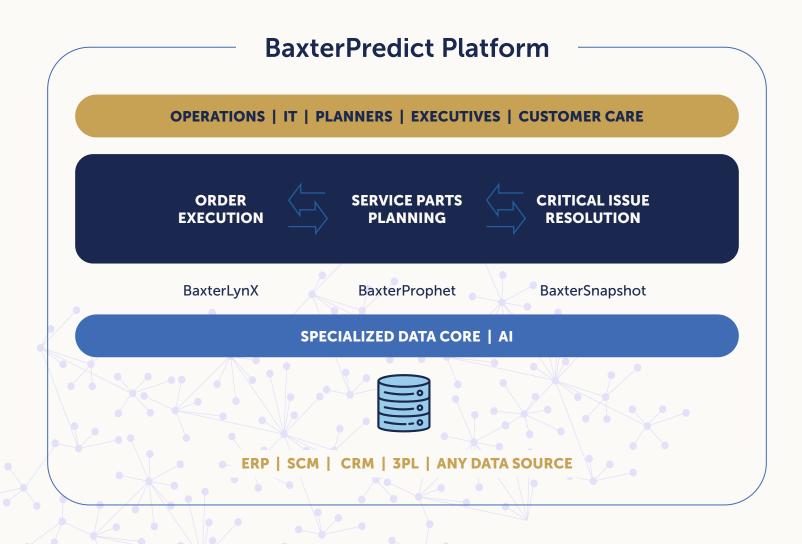
With AI-powered delivery predictions and scenario modeling, teams can address the immediate issue while also preventing recurrence. It's not just about faster fixes—it's about building smarter, more resilient service systems.



Forecasting Built for Service Lifecycle Complexity

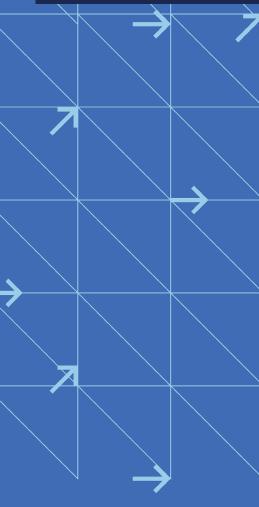
Accurately forecasting service parts demand is one of the most persistent challenges facing global service operations—especially during critical phases like New Product Introductions (NPIs) and Last Time Buys (LTBs).

BaxterPredict uses specialized AI algorithms trained on Service Supply Chain data sets to deliver precise, adaptive forecasts across the product lifecycle. From NPIs to LTBs, the platform learns from real-time demand signals to anticipate needs, reduce excess, and ensure part availability—minimizing stockouts, waste, and tied-up capital.



With BaxterPredict, service leaders gain the agility, intelligence, and control needed to navigate the Service Experience Storm and build a Service Supply Chain that delivers long-term value—not just for today, but for the future.

Service Experience Advantage Results



By optimizing service operations and reducing delays, BaxterPredict helps improve overall customer satisfaction and loyalty.



35% reduction in inventory carrying costs

By optimizing service parts planning, BaxterPredict helps reduce the capital tied up in excess inventory without sacrificing service levels.



25% increase in first-time fix rates

The platform ensures that technicians have the right parts at the right time, reducing rework, unnecessary trips, and improving field service efficiency.



70% faster resolution of stockouts

With advanced analytics and real-time monitoring, BaxterPredict enables organizations to identify and resolve stockout issues more efficiently, minimizing downtime and disruptions to service.



8-10% improvement in customer satisfaction (CSAT)

By optimizing service operations and reducing delays, BaxterPredict helps improve overall customer satisfaction and loyalty.

Next Steps: Reposition Your SSC as a Strategic Financial Driver

Traditionally seen as an operational cost center, the Service Supply Chain is now emerging as a strategic lever for margin expansion, customer loyalty, and scalable growth. In fact, McKinsey reports that profit margins in Service Supply Chains can be up to four times higher than those in new unit³. This means that if new unit sales have a 10% margin, aftermarket services could have up to 40%.

To become one of those leaders, here's how you move forward: **7**



Service as a Revenue Enabler

Elevating your SSC isn't just about reducing costs—it's about unlocking capital and creating new value. By using predictive planning and intelligent automation, you can reduce expedited shipments, eliminate excess inventory, and ensure critical parts are always available—freeing up capital to reinvest in innovation and growth.

Evaluate Where You Are and Where You Need to Be

Start with a clear-eyed assessment of your current SSC performance. Where are the inefficiencies? Where is value being left on the table? A maturity audit will help clarify your biggest opportunities and inform a roadmap for transformation.

Align Strategy with Execution Through Expert Partnership

Accelerating results requires the right partner. Baxter Planning offers a practitioner-led engagement model—our <u>Value Accelerator Program</u>—to help your team translate strategy into measurable outcomes. This model blends decades of expertise with hands-on enablement, reducing time-to-value and maximizing impact.

Adopt Predictive Technology to Lead with Confidence

Visibility isn't enough. Today's service leaders must anticipate disruptions, prioritize decisions, and optimize at scale. Predictive technology provides that edge—shifting from reactive fixes to strategic control.

BaxterPredict makes this possible. Purpose-built for Service Parts Management, it delivers end-to-end visibility and predictive insights across planning, execution, and resolution. By integrating with CRM, ERP, and 3PL systems, it leverages AI to detect and prevent risks like stockouts and delays—turning service operations into a profit center that boosts efficiency, satisfaction, and resilience.

Scaling Efficiently and Responsibly

Growth pressures demand that service operations expand without sacrificing quality or driving up costs. A future-ready Service Supply Chain adapts to changing demand, automates repetitive tasks, and optimizes resource allocation. By unifying predictive planning with streamlined execution, businesses can maintain service excellence while scaling up—minimizing risk and maximizing returns.

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CONCLUSION

Leading the Future of Service Supply Chains

The challenges facing today's Service Supply Chains are real—but so is the opportunity. Organizations that continue to rely on outdated, reactive models will struggle to keep pace with rising expectations, shifting demand, and increasing cost pressures.

Those that embrace a predictive, data-driven approach will not only meet today's demands—they'll define tomorrow's standard for service excellence.

BaxterPredict gives you the tools, visibility, and intelligence to operate with greater confidence, optimize performance, and turn service into a competitive advantage.

It's time to elevate your Service Supply Chain into a strategic growth driver. Ready to take the next step?

Start gaining your Service Experience Advantage



Sources

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ABOUT BAXTER PLANNING

Baxter Planning is a global leader in Service Supply Chain software, delivering a Service Experience Advantage to the world's most innovative enterprises for over 30 years. The end-to-end BaxterPredict platform empowers organizations to optimize service parts planning, execution, and resolution, driving superior customer experiences, fostering long-term loyalty, and fueling business growth.

By combining purpose-built technology, award-winning Al, decades of practitioner expertise, and a commitment to true partnership, Baxter Planning consistently delivers industry-leading outcomes for its clients.

The company is headquartered in Austin, Texas, United States, with offices around the globe. For more information, visit <u>www.baxterplanning.com</u>